

**Maryland General Assembly
Department of Legislative Services**

**Proposed Regulations
Maryland State Lottery and Gaming Control Agency
(DLS Control No. 18-175)**

Overview and Legal and Fiscal Impact

These regulations are intended to align gaming operations more fully with the gaming practices of neighboring states or the best practices of the casino industry.

The regulations present no legal issues of concern.

There is no material fiscal impact on State or local agencies.

Regulations of COMAR Affected

Maryland State Lottery and Gaming Control Agency:

General Provisions: Voluntary Exclusion and Responsible Gaming:

COMAR 36.01.03.02

Lottery Provisions: Claims Procedures: COMAR 36.02.06.04

Gaming Provisions: General: COMAR 36.03.01.02

Video Lottery Operation License: COMAR 36.03.03.07

Mandatory Exclusion: COMAR 36.03.07.03 - .07

Video Lottery Facility Minimum Internal Control Standards:

COMAR 36.03.10.16, .19, .20, .26, .27, .28, .29, .31, and .38

Video Lottery Facility Minimum Internal Control Standards:

COMAR 36.03.10.41, .43, and .45

Video Lottery Terminals: Video Lottery Technical Standards:

COMAR 36.04.01.18, .21, .30, and .31

Table Games: Table Game Equipment: COMAR 36.05.02.16

Table Game Procedures: COMAR 36.05.03.11 and .23

Instant Bingo Machines in Anne Arundel and Calvert Counties:

Instant Bingo Minimum Internal Control Standards: COMAR 36.07.04.06

Legal Analysis

Background

Every year since 2014, video lottery facility licensees and the American Gaming Association, the major national trade group representing the U.S. casino industry, have submitted regulations to the Maryland State Lottery and Gaming Control Agency to align video lottery

operations more fully with the best practices of the industry. This year, the agency proposes that 18 of the 40 regulations offered by the licensees and the association and 7 additional regulations recommended by agency staff be adopted.

Summary of Regulations

This action:

- repeals the requirement for a driver's license in an application for a voluntary exclusion from a casino, because not all applicants may have a license, and instead requires a valid, government-issued identification with a photograph of the applicant;
- clarifies that the length of requested period of placement on the voluntary exclusion list is a minimum of two years;
- clarifies that a lottery prize winner may claim a prize from \$5,000 to \$25,000 only at an agency claim center and a prize over \$25,000 only at agency headquarters;
- clarifies the definition of "table game equipment" by excluding a device not identified with the facility operator's logo on the layout;
- reduces, from 10 feet to 7 feet, the minimum distance between an ATM machine and a video lottery terminal or table game;
- clarifies the process by which the director of the agency may place an individual on the mandatory exclusion list, details the information that the director may consider, and requires the Director of the agency to periodically review the exclusion list in a certain manner;
- alters the audit cycle for the surveillance department of a video lottery facility from semi-annual to annual;
- provides an additional 48 hours for a facility operator's staff to investigate cage variances and submit a report to the commission by allowing a facility operator to give notice that an investigation is ongoing;
- authorizes a video lottery facility that is a designated agency customer resource center to accept an agency check for lottery prize winnings up to \$25,000 and increases, from \$10,000 to \$15,000, the amount of other checks that may be accepted from a player during a gaming day;
- requires that a three-part counter check, rather than a four-part counter check, be issued at the cashier's cage, video lottery terminal, or table game;

- allows a facility operator to comply with a request from a player who writes a check asking for it to be applied to a transaction with an earlier redemption date;
- allows a facility operator to deposit counter checks valued more than \$10,000 within 60 days of their issue date, allows a player to substitute a personal check for an outstanding marker (i.e., a short-term credit line given to a player by a video lottery facility), and allows a player to have funds deposited early to pay a marker;
- repeals the requirement that a facility operator maintain the redemption copy of a counter check;
- allows a facility operator to pay a jackpot or credit meter payout of up to \$50,000 by cash or check, or any combination of cash, gaming ticket, check or other method of payment approved by the Commission (currently, a payment of \$25,000 or more must be paid by check; a similar amended provision applies to table game payouts);
- allows a facility operator to configure an automated jackpot payout machine to process a jackpot or credit meter payout of up to \$50,000, rather than the current \$25,000;
- relieves a facility operator from collecting a drop box for a table game pit that was never opened for gaming on that gaming day;
- suspends the requirement for counting the contents of table game drop boxes when gaming is not conducted at the video lottery facility;
- allows a facility operator to decide the colors on video lottery terminal tower lights used to identify terminal denominations (50 cents, \$2.00, etc.);
- clarifies the responsibility of the facility operator for labeling a video lottery terminal with a gaming floor location number and commission asset number;
- reduces, from 14 days to 10 days, the period of time before the date of transfer of a progressive jackpot amount certain notice of intent to transfer must be provided;
- clarifies requirements that a facility operator notify the commission within two hours after a person remotely accesses a video lottery system;
- authorizes only a pit manager or a superior facility employee to transport sealed containers of cards decks of cards to the gaming pits and extends, from five days to seven days, the time allowed for the destruction of certain playing cards after collection;
- corrects a spelling error in the regulation concerning match play coupons and direct bet coupons; and

- repeals the requirement that the financial statements of a facility operator who operates 10 or fewer instant bingo machines be audited annually.

Legal Issues

The regulations present no legal issues of concern.

Statutory Authority and Legislative Intent

The agency cites §§ 9–101, 9–110, 9–111, 9–122, 9–1A–02, 9–1A–04, and 9–1A–24 of the State Government Article and §§ 12–301.1 and 12–308 of the Criminal Law Article as statutory authority for the regulations. Section 9–110(a) authorizes the director to adopt regulations of the agency with the approval of the commission. Section 9–1A–02 requires the commission to regulate the operation of video lottery terminals in accordance with Title 9, Subtitle 1A of the State Government Article. Section 9–1A–04(d) requires the commission to adopt certain regulations, including ones regarding management controls, financial reports, establishing procedures for accounting for all money exchanged at each table game, and otherwise carrying out the provisions of Title 9, Subtitle 1A of the State Government Article. Section 9–1A–24(e) requires the commission to adopt measures that are intended to reduce or mitigate the effects of problem gambling. The remaining cited authority are not relevant to these regulations.

The relevant cited authority is correct and complete. The regulations comply with the legislative intent of the law.

Fiscal Analysis

There is no material fiscal impact on State or local agencies.

Agency Estimate of Projected Fiscal Impact

The agency advises that the regulations have no impact on State or local governments. The Department of Legislative Services concurs that there is no material fiscal impact as several regulations codify existing practice. Two video lottery facilities currently cash prizes of up to \$25,000, but the agency expects all video lottery facilities to begin doing so.

Impact on Budget

There is no impact on the State operating or capital budget.

Agency Estimate of Projected Small Business Impact

The agency advises that the regulations have minimal or no economic impact on small businesses in the State. The Department of Legislative Services concurs. Seven nonprofit organizations that operate fewer than 10 electronic instant bingo machines would benefit from no

longer being required to submit financial statements reviewed by an independent certified public accountant.

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